



COLUMBINE CABLEVISION

February 3, 1994 DOCKET FILE COPY ORIGINAL

The Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M Street N.W. Room 802
Washington, D.C. 20554

RE: MM Docket No. 92-266

Dear Chairman Hundt:

I feel compelled to write to you regarding the pending reviews of the rate regulation rules for cable television operators. I want you to be aware that there are still family owned cable television operations out here that are simply trying to make a living, and at the same time figure out how to compete with the mega-companies that are being developed to deliver telecommunications services in our service areas.

I am the General Manager of a 30,000 subscriber cable system in Fort Collins, Colorado. This system has been operated by the same family since inception in 1977. Our rates are substantially lower than any of our neighboring cable systems, and also substantially lower than the benchmark rates as we know them today. Approximately 81% of the homes in Fort Collins subscribe to our service, which is nearly 20 percentage points higher than the national average. Our subscriber surveys indicate extremely high satisfaction with the service they receive from us, and our relationship with our franchising authority is very good.

We have not raised our rates for service since April of 1991. We do not raise rates based on a calendar, but based on business conditions. We recently completed negotiations with our city for a fifteen year extension of our franchise, and during that process, we committed to the city that we would not raise rates during the refranchising process if at all possible. We met that commitment, and notified our customers, with our city council's blessing (as demonstrated by a unanimous affirmative vote by that body not to seek certification to regulate rates) that on December 1, 1993, our basic rate would increase from \$16.50 per month to \$18.50 per month. Obviously, that increase was not

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implemented due to the extension of the rate freeze imposed by the FCC.

We have now notified our subscribers that effective March 1, that increase will go into effect. We are reading and hearing that the FCC will again extend the rate freeze. We can not survive another extension. I challenge you to find any business that has experienced increases in operating costs as we have, that have not raised the retail price of their product. Our profit margin is continuing to shrink, and I can tell you that the profits from this operation are not excessive or unreasonable, nor have they ever been. It took us 13 years to pay off our original investment, and subsequent upgrade, of this cable system. We do not receive quantity discounts from suppliers as many of the "big boys" do. Our prices are lower, our costs to do business higher, and we simply can not expect to compete for deployment of the information superhighway if this trend continues. I beg you to consider these facts as the Commission reviews the rate rules over the next few days. Another rate freeze has the potential of squeezing the life out of the few entrepreneurs left in this industry. Let us run our businesses!

I hope that without graphs, charts, or pages of statistics I have been able to show that there are responsible, ethical cable television operations out here in the real world that are hurting! We are not talking about a drop in our stock prices on the NYSE, we are talking about real people with real employees who work hard and take pride in the business we all helped to develop. Don't forget how these people are affected by the decisions made inside the beltway. Please consider some options for us, particularly when we have received our franchising authority's full support to proceed with running our business the way we have for 15 years. Don't force us out!

I have forwarded a copy of this letter to the Secretary for inclusion in the docket.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert J. Carnahan", with a stylized flourish at the end.

Robert J. Carnahan
General Manager